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SUBJECT: SCENESETTER FOR SECRETARY RICE'S JAN 16-17, 2007
VISIT TO KUWAIT

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Classified By: Ambassador Richard LeBaron for reasons 1.4 (b) and (d)

11. (C/NF) Madam Secretary: Embassy Kuwait warmly welcomes your visit. In addition to your meeting with the GCC 2 Foreign Ministers, hosted by Kuwaiti FM Shaykh Dr. Mohammed Al-Salem Al-Sabah, you will likely have separate bilateral meetings with Amir Shaykh Sabah Al-Ahmed Al-Sabah and Prime Minister Shaykh Nasser Mohammed Al-Ahmed Al-Sabah. Your visit presents an opportunity to reassure the Kuwaiti leadership of the U.S. commitment to its unique strategic relationship with Kuwait, outline U.S. policy on regional issues, and praise Kuwait's democratic development.

A Watershed Year -----

12. (SBU) 2006 was a watershed year in Kuwait's democratic development. In January 2006, following the death of long-time Amir Shaykh Jaber Al-Ahmed Al-Sabah, former Prime Minister Shaykh Sabah Al-Ahmed Al-Sabah became Amir through a constitutional process in which Parliament played a prominent role. In March, Parliament passed a new press and publications law that removed a ban on licensing new dailies. In May, the Constitutional Court revoked a 1979 law restricting public gatherings. Later that month, after reaching an impasse with pro-reform parliamentarians over electoral reform, the Amir exercised his constitutional right to dissolve Parliament and called new elections for June. Women participated in the elections both as candidates and voters for the first time in Kuwait's history. Pro-reform candidates won a landslide victory, capturing a majority of seats in the 65-member Parliament, thanks in part to the support of a grassroots movement that emerged spontaneously in support of electoral reform. Confronted with this clear signal on the need for reform, the Prime Minister excluded two ministers accused of corruption from the new Cabinet and supported electoral reform legislation, which was passed in July. Pro-reform, opposition MPs formed a new 34-member Reform Bloc in October and agreed to pursue a common legislative agenda, focusing primarily on fighting corruption and implementing reforms. However, tensions among opposition MPs persist and cooperation has been inconsistent.

Transformational Diplomacy at Work -----

13. (C/NF) The Embassy actively supported these changes through MEPI projects, international visitor programs, and educational exchanges. When elections were unexpectedly called in June, MEPI grant recipients successfully shifted their projects to provide training to journalists covering the elections and logistical and strategic support to female

voters and candidates. MEPI funds also paid for a successful ad campaign to encourage women to vote, which may have been partly responsible for the 58% female voter turn out. Virtually all of the 27 female candidates in the elections participated at some point in a MEPI-funded program designed to strengthen the role played by women in Kuwait. Representatives from the National Democratic Institute (NDI), which implemented many of these projects in close coordination with the Embassy, returned to Kuwait in September and again in December to assess the projects' impact and devise a strategy to effectively use remaining MEPI funds. The Embassy also promotes civil society development, youth activism, and women's leadership through the MEPI Small Grants Program, which it hopes to expand to provide additional leadership, advocacy, and public relations training in FY2007.

Government-Parliament Tensions

14. (C/NF) Tensions between the Government and opposition MPs have increased since Parliament reconvened on October 30. Opposition MPs successfully pressured the Minister of Information to resign in December, giving rise to speculation that the Prime Minister would replace other controversial ministers to appease the increasingly assertive Parliament. Kuwaitis reacted strongly to rumors that surfaced in November that the Amir was considering dissolving Parliament again, this time unconstitutionally for a period of up to three years. While it now seems unlikely the Amir will make such a move, it indicates the leadership's frustration with Parliament's lack of cooperation and virulent criticism of the Government. Many Kuwaitis are fed up with the Government and Parliament and criticize both for failing to pass important legislation and implement much-needed reforms, particularly given the difficult regional environment.

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Iraq: Relations Improving, But Kuwaitis Remain Wary

15. (C/NF) Kuwait and Iraq are slowly rebuilding their diplomatic and economic relationship. Kuwait was one of the first governments to congratulate Iraq on the formation of its new government. Kuwait has informally selected an Ambassador to Iraq but has said it will wait for Iraq to appoint an ambassador to Kuwait before announcing its own appointment. The Iraqi Embassy in Kuwait opened in July and is headed by a charge d'affaires. A number of high-level Iraqi visitors have come to Kuwait recently, including Prime Minister Nuri Al-Maliki in July. In October, Kuwait hosted an Iraq Compact meeting, which an Iraqi delegation headed by Deputy PM Barham Salih attended. The two countries recently held talks on border and security issues and agreed to a joint mechanism to address border security incidents and maritime border protocol issues. They also began discussions about shared oil fields, and agreed to develop technical proposals.

16. (C/NF) Kuwait has pledged substantial financial aid to Iraq. Iraq owes Kuwait approximately \$11 billion in pre-Gulf War debt. While Kuwait has agreed in principle to meet the Paris Club commitment of 80% debt reduction, the necessary legislative approval for debt relief is fraught with political obstacles that for now the GOK does not want to tackle. The Amir will tell you that the GOK is making no effort to collect the debt. Since the Madrid Conference, Kuwait has also committed more than \$575 million in aid to Iraq, in the form of \$135 million in grants and \$440 million in soft loans. Little assistance has been disbursed so far, however, due to difficulties in identifying implementers on the Iraqi side and ineffective prioritizing on the part of the GOI.

17. (C/NF) Despite the improvement in bilateral relations,

Kuwaitis are increasingly concerned about the potential for instability in Iraq to spill over into Kuwait. Many Kuwaitis fear that if Iraq descends into chaos Iran will have increased ability to create mischief and thousands of refugees might cross Kuwait's border. A series of border incidents in late-2006, possibly connected to Jaysh al-Mahdi, have stoked these fears. In general, Kuwaitis do not express concern about the possibility of a Shi'a-controlled Iraqi government or even a federal solution that creates an autonomous Shi'a entity in southern Iraq, as long as there is stability. Kuwaiti officials have told EmbOffs and high-level U.S. visitors that Iranian meddling in Iraq is a significant problem for Iraq's stability, and have urged the U.S. not to abandon Iraq's Sunnis. The Kuwaiti leadership has also expressed concern that the recent Congressional shift in the U.S. could lead to a precipitous withdrawal or other abrupt changes in U.S. policy.

Kuwaiti Support for U.S. Operations in Iraq

18. (C/NF) Kuwait remains extremely supportive of U.S. military operations in Iraq, hosting at various times between 20-50,000 U.S. troops and military contractors. Virtually all U.S. forces going to Iraq pass through Kuwait. Kuwait support for Operation Iraqi Freedom also includes waived customs and port fees; taxes and licensing fees; virtually unlimited use of six military bases; and more than one billion dollars per year of in-kind assistance to U.S. troops present here. Unique among all our Gulf friends, Kuwait provides fuel at a substantial discount for MNF-I use. U.S. forces in Kuwait under the Defense Cooperation Agreement receive fuel and all other support from the GOK at no charge to the USG.

Iran: Kuwait Walking a Fine Line

19. (C/NF) Kuwait walks a fine line with its large neighbor across the Gulf, maintaining economic and commercial ties but remaining wary on the political front. Privately, Kuwait's leadership expresses concern about Iran and its intentions in the region. However, Kuwait has been reluctant to take a clear public stand against Iran. Kuwaitis often couch their fears of Iran's nuclear program in environmental terms, highlighting Kuwait's close proximity to the Bushehr nuclear reactor and the potential consequences of an accident at the facility. The Foreign Minister dismisses the threat of a nuclear weapons-armed Iran, noting that Iran could do enormous damage to Kuwait with its current stock of conventional weapons. Kuwaitis see a strong Gulf Cooperation Council (GCC) stand towards Iran as crucial and complain that

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the GCC still has not taken a unified position. However, Kuwait is unlikely to take a leading role in helping develop GCC unity. Kuwait's cautious approach towards Iran was demonstrated this past October when Iranian pressure caused it to pull out of its scheduled observation of the Proliferation Security Initiative (PSI) Leading Edge exercise in Bahrain. Kuwait sees a unified U.S.-E.U. position and a unified P-5 as a key element to keeping Iran in check. Kuwaiti officials have privately counseled against U.S. engagement with Iran. Kuwait has responded positively, but slowly to participation in the Gulf Security Dialogue.

Lebanon: Strong Support for PM Siniora

110. (C/NF) Kuwait strongly supports the government of Prime Minister Siniora in Lebanon. In August, after the Israel-Hizballah conflict, the Kuwaiti government deposited \$500 million in the Lebanese Central Bank to assist in reconstruction and bolster PM Siniora's government. Kuwait is also forging ahead with plans to allocate the \$300 million pledged to the GOL this summer, though the money still

requires Parliament approval. The Kuwaiti leadership is concerned about Hizballah ascendancy and the potential for further domestic unrest in Lebanon.

The Israeli-Palestinian Conflict: More U.S. Effort Needed

¶11. (C/NF) While praising the Road Map and President Bush's calls for a two-state solution to the Israeli-Palestinian conflict, the Kuwaiti leadership has repeatedly urged the U.S. to do more to restart the Middle East peace process, in part to counter Iranian influence and intervention in the region. Kuwait supports Palestinian efforts to form a national unity government, but Kuwaiti officials argue it is very difficult for Kuwait to get directly involved in this process. Kuwait has provided more than \$130 million in direct budget assistance to the Palestinian government since ¶2002. Kuwait also sent more than \$80 million in aid to the Palestinians in the latter half of 2006. According to Kuwaiti officials, Kuwait has gone to great lengths to ensure these funds do not fall into the hands of Hamas.

Yemen: \$200 Million to Prevent Destabilization

¶12. (C/NF) During the November 15 Yemen Donors Conference in London, the GOK pledged \$200 million in loans to Yemen to be distributed over five years. The Amir and Foreign Minister told APHSCT Frances Townsend they hoped these funds would help stabilize the situation in Yemen and prevent weapons smuggling. The Amir added, however, that Kuwait still strongly opposed Yemen's inclusion in the GCC. Kuwaiti officials have also expressed concern about the situation in Somalia and Sudan, but choose to address these issues through regional organizations, such as the GCC and the Arab League.

Critical Energy Infrastructure Security

¶13. (C/NF) Following the thwarted attack in February at the Abqaiq oil complex in Saudi Arabia and more recent Al-Qaeda threats regarding oil infrastructure in Gulf countries, security at critical energy infrastructure sites has become a higher priority, receiving close attention from the highest levels of the Kuwaiti government. The Kuwaitis have hired private-sector security contractors to conduct numerous assessments of the physical security of critical energy facilities. Significant enhancements have been implemented in recent months and new organizational bodies have been established to oversee oil security. Despite this progress, significant vulnerabilities remain, including vulnerability to attack from the sea and poor dissemination of relevant, actionable intelligence. In recent meetings with U.S. officials, Kuwaiti leaders have expressed the desire to cooperate with the USG to enhance Kuwait's energy infrastructure security.

Guantanamo Detainees, Student Visas, and TIP

¶14. (C/NF) Of the eight Guantanamo detainees released to Kuwait, six were tried in Kuwaiti courts and found not guilty. The Government is appealing five of the verdicts. The other two, released to Kuwaiti custody in September, are in detention pending investigation. Four Kuwaitis still remain in U.S. custody at Guantanamo. Isolated problems with student visas (septel), despite considerable improvement in

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visa procedures, is one other bilateral issue that continues to be a minor source of friction. In 2006, Kuwait improved its Trafficking in Persons (TIP) ranking from Tier 3 to Tier 2 Watchlist. While it has made progress in some areas, the GOK still needs to increase the number of prosecutions for TIP-related crimes, strengthen anti-TIP legislation, and establish a shelter for domestic workers.

Overview of Embassy Kuwait

¶15. (U) Embassy Kuwait staff consist of 78 State Department American employees, 143 other agency Americans, and 340 local-hire staff. Other agencies at post include the Department of Homeland Security (Customs), the Foreign Commercial Service, the Department of Transportation, and nine Department of Defense components. The State cadre of the Embassy has grown almost 63% in the last five years. Local staff, who come from 19 different countries, have increased 35% in the same time period. This growth is a direct result of the increased role for the bilateral mission due to Kuwait's strategic location and support of U.S. efforts in Iraq.

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